

House of Commons Debates

THIRD SESSION, FIFTH PARLIAMENT.—48 VIC.

SPEECH OF HON. MR. BLAKE, M.P.,

ON THE

NORTH-WESTERN COAL AND NAVIGATION COMPANY.

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OTTAWA, JUNE 11TH, 1885.

House again resolved itself into Committee to consider certain resolutions (p. 2440) to authorise grants of Dominion lands to certain railways in the North-West.

On resolution 1 (North-Western Coal and Navigation Railway Company),

Sir HECTOR LANGEVIN. I explained yesterday the object of this resolution. I think the papers were laid before the House some time ago, showing the different phases through which the negotiations between that company and the Government went. In the case of that company, as well as the other companies, the terms under which certain arrangements were made between them and the Government for lands in aid of the construction of this line had to be changed, from time to time, until the 17th January, 1885, when an Order in Council was passed, providing that, subject to the approval of Parliament, the reserve of land made by the Order in Council of September, 1884, should be increased to 3,840 acres per mile, from Medicine Hat to the coal lands of the company on Belly River. The company will pay 10 cents per acre for the survey and other incidental expenses. The condition of this grant is that the line will be completed by the month of August next. I understand that this condition will be fulfilled. The railway is being pushed with vigor, and if anything should occur to delay it, it would be only on account of the troubles which have existed in the North-West; but I understand that there is very little chance of any delay taking place. The line is now pushed with great vigor, and will give access to these lands, which promise to give good coal, not only to the railways, but also to the settlers in that neighborhood, and further east and west.

Mr. BLAKE. I think it is a matter of regret that the Orders in Council and other papers connected with these various grants should not have been printed and laid on the Table some time ago. The papers themselves have been laid on the Table time enough, but it is obvious that those members who have not had the opportunity of reading the papers in the manuscript form in which they came down, and the number of these is naturally very limited, have not had any means of ascertaining the particulars. I would ask the hon. gentleman one question of a general nature, and applicable to the whole of the resolutions, whether it is proposed, in the Bill to be founded upon these resolutions, that the grants should be stated to be in the terms and conditions in the Order in Council submitted to Parliament in each case, or whether it is intended to give the Governor in Council an absolute power to grant these lands, irrespective of any terms and conditions whatever?

Sir HECTOR LANGEVIN. The intention is to draw the Bill in such a way as to conform to the conditions of the Order in Council.

Mr. BLAKE. Hear, hear.

Sir HECTOR LANGEVIN. Of course, the hon. gentleman will observe that the first Orders in Council have been changed.

Mr. BLAKE. Of course; I mean the last orders.

Sir HECTOR LANGEVIN. It is the intention that it should be so. If there were any reason afterwards to vary those Orders, of course we would have to come to Parliament.

Mr. BLAKE. That answer is quite satisfactory, and is just in accordance with what I should have thought reasonable. This case happens to be one which does not furnish an exposition of so many phases of the different policies of the Government as some of the others which come on later, because, if I rightly understand, the first application in the case of this particular railway was as late as the 13th September, 1883. I may say to the hon. gentleman that I find some difficulty, from the papers in this case, which he will agree with me is rather a special case, both as to the gauge of the railway and as to some other circumstances, I do not find sufficient information to enable me to apprehend whether the land through which this railway passes for the 110 miles is deemed by the Government to be agricultural land. I rather gather that the main object, of course a very important object, which the Government expects to serve by the prosecution of this railway, is the coal supply; and I was anxious to know whether it is the expectation of the Government that agricultural settlements will be formed along the line of this railway, as in the case of the other railways.

Sir HECTOR LANGEVIN. It is.

Mr. BLAKE. Then the land may be expected to be of the ordinary character of agricultural land in the North-West?

Sir HECTOR LANGEVIN. Yes.

Mr. BLAKE. The first application is of 13th September 1883, from Sir Alexander Galt, who refers in that to the letter which, so far as I can judge, is not brought down, of the 22nd of June previous, but who makes a statement of a personal examination of the territory over which is proposed the line shall pass. In that he states that he had the advantage of Langdon & Sheppard, contractors, with whose names we are familiar, upon the subject of a practical route, and that the firm expressed their willingness to contract for

the railway, and their engineer is now making a thorough examination of the entire route with this view. Then he states:

"The coal from the Lethbridge mines has been thoroughly tested by the Canadian Pacific Railway, and pronounced suitable. Subject to the construction of the railway, I have agreed with them for the supply of all the coal they require at Medicine Hat, for \$5 per ton."

So that, then, the notion was that this road would be completed by the 1st of September, 1881, and Sir Alexander Galt was able to secure a contract from the Canadian Pacific Railway for 20,000 tons, as a minimum, a year, at a fair price for the company's interests as mine owners. Then, other promises are made:

"The Canadian Pacific Railway also promised every assistance in their power in the construction and working of the line."

So that he secured from the Canadian Pacific Railway their favorable offices for the construction and also the working of the line. Then, Sir A. T. Galt proceeds to say:

"To enable the railway to be built within the next twelve months, which is in every respect to be desired, it is necessary that the funds be provided this winter and the steel rails and ties procured before spring."

And he points out some of the difficulties in the way of obtaining an incorporation in time to go on with the work, and of the particular method of escaping from those difficulties, with which it is not necessary to trouble the committee. Then he proceeds to point out:

"To enable me, therefore, to obtain the approval of the North-Western Coal and Navigation Company to such an extension of their operations and responsibilities, it has become absolutely necessary to obtain an early decision of the Government as to the assistance they are willing to grant to the undertaking."

Then, further on:

"The privilege of purchasing 6,400 acres, to be taken from the vacant suitable agricultural land, at \$1 per acre, with expense of survey added, subject to such conditions as may be determined by the Government. The privilege of immediately selecting as part of the foregoing land the quantity not exceeding 15,000 acres of what are understood to be coal lands, the present land now in occupation of the company, under Order in Council or by departmental authority, to be considered as part of the said 15,000 acres."

He asks, also:

"The free admission of the steel rails and other materials for construction."

And he points out:

"The public grounds upon which I venture to submit this application are—

"That the construction of the railway guarantees to the entire country, as far east Winnipeg, a regular and ample supply of excellent fuel, at a moderate cost, as it can be delivered in Winnipeg at about \$10 per ton.

"That it establishes the important fact in relation to the future working of the Canadian Pacific Railway, that its entire consumption of fuel can be provided at the central point of Medicine Hat at the low price of \$5 per ton.

"That it affords the important McLeod district railway facilities which cannot be otherwise obtained; and also will bring to the Canadian Pacific Railway the cattle and mining traffic of northern Montana.

"That the development of a large mining industry by the company will require, on their part, the most strenuous efforts to promote the early settlement of their lands hereby applied for, also of the whole district.

"That without the railway no sales of public lands on any extensive scale can be effected, and that those conveyed to the company will realise the full price of such lands under the present regulations earlier than in any other mode; if this railway be not completed within two years from the first of September, of this year, this application to be void."

He does say one thing that is rather peculiar:

"I propose that the ordinary agricultural lands should be taken along the line of railway in alternative townships, where found suitable for settlement, and that the surplus be selected from any unappropriated lands south of the Canadian Pacific Railway belt, and west of Medicine Hat, the operation of the homestead law not to apply to the townships or blocks chosen."

Then, I want to call the attention of the committee, at this stage, to the fact to which I have referred—and it seems to me to be one of considerable importance, in dealing with the application—the fact, namely, that this proposal to grant a concession, not merely of alternate sections on the

line of a projected railway, but also of a quantity of land in bulk at the terminus of that railway, a quantity of coal lands. The Order in Council of the 19th of October, 1883, is accompanied by a plan which shows the terminus of the railway at the coal lands, and which shows a comparatively moderate quantity of coal lands, which are already in the possession of the company itself. But they ask for, and this plan shows, a very large block of land, comprising, I think, some 16 sections in all, of coal lands surrounding their township, a parallelogram surrounding their terminus. They, therefore, obtain an immense area of coal lands, and all those which were in the immediate vicinity of the terminus of the railway, which terminus itself was chosen from its being presumably in the centre of vast mines. This initiated an application by Lethbridge and others for certain mining lands, which we discussed some years ago in Parliament, and I then suggested the danger that might arise from an exceptionally large grant of coal area to one individual. Well, these areas, which are larger than those ordinarily granted by the Government, are now to be supplemented by others, making the whole area, I think, something like five times as large as the original grant. I think it is very important, with respect to the future of the country, that we should remember what we are doing when we are dealing with this company, which is at once a mining company and a railway company. We have got to consider whether we are not practically establishing a monopoly in the coal supply, so far as regards a coal supply from that region. The ordinary rules, of course, as to the regulation of freights and fares, do not apply. They furnish no protection whatever in this case, because the protection in shipping by the ordinary rules, as to rates and fares, the power of the Governor in Council to regulate them, and the provision that they will be equal for other persons and goods, under like circumstances, travelling a like distance, do not in the least degree apply to the case of a company which is itself a large owner of mines, as between itself and the public. This company is the mine owner itself and is also the railway owner. It charges itself no freight for carrying its own coal over its own railway, and therefore you cannot make any arrangement that will protect the public, in the sense that the public may be supplied by other mine owners in the same neighborhood carrying their coal over the railway on as advantageous terms as the coal of this particular company. That is really, to my mind, a very important consideration. We do not want to give the public domain to assist in increasing the value of a coal concession, unless we are able to guarantee to the country at large the prospect that there will be a large development of coal mines by others, and they will have a fair chance at that development. You depress that chance when you combine the mine owner and the railway owner in one hand, and thus accomplish the result I have indicated, namely, that there can be no competition on the part of the outside proprietors of coal areas with the proprietors of the enormous block of land surrounded by the railway, for they, themselves, as owners of the railway, with which they can make their own terms as to the carrying of their own coal, will secure entire control of the market. This is a consideration which, it seems to me, deserves the attention of the Government, and upon which we should have an explanation of their policy. I need hardly repeat my general observations, that I am making no opposition to the grant in aid of any of these railways, not even this one; but this one involves special considerations, and whether the hon. gentleman may attach more or less weight to that suggestion, it is a matter deserving of attention, as we are making the first concession of this particular character. The first proposition I have, is, therefore, that the owners of a large coal area, and one of the conditions of the grant is a very large enlargement of that coal area, I think amounting to 10,000 additional acres, besides the coal lands of which they are now absolute pro-

prietors—I find the conjunction of the coal mine owner and the owner of the coal railway is, under these circumstances, not an encouragement, but a check upon the development of other coal areas, while competition with coal mining companies is of the last consequence to the future of the North-West. Take, for example, the very statement Sir Alexander Galt makes. He states that coal will be supplied at the central point, after being carried 110 miles, at \$5 per ton. I do not know exactly what the quality of the coal is, how it compares with best heat-producing locomotive coal. It is very gratifying, however, to know that the coal is useful and available, and that the Canadian Pacific Railway Company's engines will be able to burn it profitably; but there are various grades of coal, and I do not know this particular grade. But \$5 for coal only 110 miles from the mine is certainly not a very low price, and as that is stated to be a wonderful price, it seems to me all the more important that we should consider what encouragement we are going to give to parties competing to reduce that price to the lowest possible limit. I have on more than one occasion declared that there was no subject that more deserved our attention than the question of dealing with the coal supply of the North-West, and I have ventured to express, in this House, on more than one occasion, the opinion that we should not, by any action of ours, place too large coal areas in one hand, or grant great powers to one corporation. I say, if you look at the coal supply of this continent, and consider what is to be ascertained upon the subject, you will find that the price of coal is, in the first instance, the cost of getting the coal to bank and a very small margin besides. Those are the elements, putting aside questions of combinations between coal and transport companies, and I must remind the committee that we are not without the light of experience on this subject, and that the people of the United States have experienced very great difficulty and disadvantage from the great power that enormous corporations in their great coal supply regions have obtained through the aggregated powers of ownership of immense coal areas, and of being the transportation company besides. We know what has been done by the Reading Coal and Iron Company, and other corporations; similarly circumstanced. The price of coal, I say, is to be ascertained by the price of cutting the coal and getting it to bank, and a small fractional sum, a certain number of cents per ton, added; and the price of coal to the consumer, under normal conditions, depends on those figures and the cost of transportation. Those elements, when there are only 110 miles of railway to be traversed, do not seem to me fairly to be met, and there does not seem to be any very great boon conferred on the public by placing the price of this coal at \$5 per ton. The price will, of course, be a great deal more elsewhere. By the terms of construction I am sorry to say the cost of the coal will be added to unnecessarily, because the railway is not of the Canadian Pacific Railway gauge, and therefore, when it is proposed to transport coal to other parts of the North-West, every shipment will involve a transfer at the terminus of the company's railway from one set of cars to another. That is a matter very much to be regretted. I do not now blame the Government because they have acceded to the company's proposition, which is to a narrow gauge road; but in considering the benefits to the North-West, so far as it will be dependent upon this railway and coal supply, it is an unfortunate fact that upon every ton of coal that is to reach the general public over the Canadian Pacific Railway there should be a break of gauge at that terminus. Those considerations demand, I think, some examination before we shall pledge ourselves to the principle of giving very favorable concessions to a coal and railway company, in the shape of coal lands and agricultural lands, without providing some exceptional power, on our own part, to remedy the inevitable monopoly which, I have pointed out,

goes with its construction, and securing to the public the benefit of competition in the supply of fuel. Then the Order in Council which was passed first upon this subject was passed upon a memorandum of the Minister of Interior, dated the 8th October, 1880, in which he recited the letter of Sir Alexander Galt, to which I have referred, and the privileges which he asked for. He asks for 15,000 acres of coal lands at the terminus of the road, and:

"That the Government shall forthwith reserve from sale and settlement, to be sold to the North-Western Coal and Navigation Company, limited, or to the proposed Alberta Railway and Coal Company, at the time and on the terms and conditions hereinafter stated, 3,840 acres of land per mile, for the whole length of the line, from Medicine Hat to the coal banks, the reserve to commence at the point where the line intersects the southerly limit of the Canadian Pacific Railway belt, and to consist of the odd-numbered sections at the disposal of the Government in the townships along the line of railway, for a distance of six miles on each side thereof, &c. . . . And that the Government shall further reserve for the company, forthwith, 10,000 acres of coal lands, in one quadrilateral block, at the western terminus of the line."

Then it was proposed:

"That upon the completion by the company of the whole of the line, the same being adequately equipped and running, the company be allowed to purchase from the lands reserved for that purpose 3,840 acres per mile of the railway, at the rate of \$1 per acre, and the cost of survey (notwithstanding the provisions of the Order in Council of the 4th June, 1883, fixing the price of such lands at \$1.50 per acre) and 10,000 acres, or such less quantity as the company, after examination, may select, of coal lands at the western terminus of the line, at the rate of \$10 per acre."

Now, I have twice asked the First Minister to bring down that Order in Council of the 4th of June, 1883. I saw it when these papers first came down, and it seemed to me that it was of importance, in considering the policy of the Government, that we should have it; but it has not been supplied. I asked the Minister of Public Works to take note that this Order in Council refers to a general Order in Council of the 4th June, 1883, fixing the lands at \$1.50 per acre, and that we should have that Order in Council before proceeding to a further stage of the resolution. Then, Sir, as to the provision of 10,000 acres at the western terminus. The Government was alive, at that time, to the importance of reserving, as far as possible, the mining rights at the terminus, and this is a very praiseworthy precaution on their part, which I am endeavoring to make as effectual as possible. Then, before the patent is issued the lands are to be paid for in cash, at the rates mentioned, that is, \$1, and the survey price, and the whole line is to be constructed and equipped within two years from the 1st September, 1883. At that time the Government did not acquiesce that this grant was made without reference to the proposition that it should be a narrow gauge road, because the whole condition of the Order is that the standard of construction shall be the same as that of the Canadian Pacific Railway. I think, Sir, it is very unfortunate that it was thought necessary to depart from that gauge, because the question—upon the statement the hon. gentleman made to me just now, that they considered these to be agriculture lands, and that they expected a large settlement in that district of country and along the line of railway—involves, of course, the consideration of the general settlement of the country; and what I have said with reference to the cost of transport of coal, dealing, first of all, with that question, applies, of course, to every pound of grain and every head of cattle that goes out, and every pound of consumable that comes into that territory over the line of the Canadian Pacific Railway, or of this railway. And if it were at all possible, even to-day, I beg the Government to take into further consideration whether it is not practicable to arrange that the railway shall be of the same gauge, so that we may have a standard gauge for that part of the country. I very well remember the old battle of the gauges, though I was not then in public life. I remember when we had a national gauge in the Province of Canada,

and the Minister of Public Works, I dare say, recollects that in the Parliament of the old Province of Canada, it was thought very important that we should not adopt the American gauge. In fact, it was the inception of the policy which has broken out in late years in other directions—the policy of isolation. I remember the battle of the gauges coming out, later on, in the peninsula, in the Province of Ontario, under the Administration of Mr. Sandfield Macdonald, when he declined to permit a railway to be constructed in the Province of Ontario on the American gauge, because he thought it was not fit. He thought we should keep our own gauge, though that railway was expected to exist by traffic from each side of the line. We know the loss, the harm, the difficulty which arose. I recollect the breaking out of the same feud here. I recollect the construction of the Intercolonial Railway, and the gauge proposed for that road; and the same difficulties with reference to that question of gauge as with reference to the question of steel and iron. Now, we have settled down to the notion that it is of the first consequence that there should be uniformity of gauge, and if you are dealing with an important district in the North-West, not merely with reference to coal, but also with reference to agriculture, it is extremely important that we should consider the question of gauge. We, in the Province of Ontario, were persuaded to adopt the principle of the narrow gauge some few years ago, on the theory of certain enthusiastic railway projectors, who said they were going to give us efficient and cheap lines of railway in that way. It was found that that line of railway was not much cheaper, and, as a practical result, not much cheapness resulted from it, though I am prepared to admit that there are some remarkable instances in the north western States of the United States of wonderfully cheap railways built on the narrow gauge. But there are also some remarkable instances in those States of very cheap railways built on the standard gauge, in the last two or three years. If the hon. gentleman looks at the reports of certain railways there, he will find that they have been built for \$6,000, \$7,000, or \$9,000 per mile. Now, when we can find ordinary gauge railways built for these figures, I look with very great regret upon the introduction of the principle of breaking gauge in that great country, whose distances are so enormous, whose remoteness from the seaboard is one of its main difficulties, and with reference to which, therefore, anything that can block or obstruct transport and increase cost is matter of the extremest moment. An Order in Council was passed on the 19th of October, which gives the right to grant 3,840 acres a mile, at \$1 an acre cash, and the cost of survey, as the aid thought of at that time for this railway, the land to be taken from the odd-numbered sections. Then there is a report of the Committee of Council on the 27th of September, 1884:

"The Minister submits that he has received a communication from Sir Alexander Galt, stating that the company have failed to raise the capital necessary for the construction of the railway, and representing that in the present state of the British money market the privilege accorded to them of purchasing 3,840 acres of land per mile, at \$1 per acre, and the cost of survey, is no aid to the company in their financial negotiations, but, on the contrary, if accepted, would be a positive burden, inasmuch as the capital necessary to pay for the land would have to be raised in addition to that required for the construction of the railway, and he (Sir Alexander Galt) therefore asks that the company may be allowed to surrender one-half the allotment of land along the line of railway, and that the other half be granted to them at the cost of survey only."

There you have the proposal made, as late as the 27th of September last, not that 3,840 acres should be granted, at \$1 per acre, but that one-half of that quantity should be given free:

"The Minister observes that Sir Alexander Galt states that if his application be granted, he will obtain the capital necessary to construct the line; that indeed a considerable portion of the amount has been promised to him by leading capitalists, and he has no doubt he will be able to obtain the balance that the company propose to reduce the gauge of the railway to 3 feet."

There you have a statement, as late as the 27th of September last, by Sir Alexander Galt, that if 1,920 acres are given free he will be able to raise capital, and that indeed a large proportion has been promised. The Minister says:

"The Minister attaches great importance to the opening and working of the coal fields on the Belly River and the cheap transport of their product, which, in his opinion, would tend greatly to reduce the price of fuel to the settlers along the whole length of the Canadian Pacific Railway."

There, you see, the Minister and I are entirely at one, not merely as to the importance of opening up the Lethbridge mine, but the coal fields along the Bow and Belly Rivers. What I am anxious for is, that we should not make such provisions as will prevent competition between this company and other coal mine owners, but that we shall accomplish the result which the Minister looks for. The Minister adds:

"He is further of opinion that it is not unreasonable to suppose that for the 1,920 acres of land per mile, proposed to be surrendered by the company, assuming it to be open for settlement by the projected railway, the Government would receive as much as they would have received for the 3,840 acres of land per mile allotted to the company at the price at which the company had the privilege of purchasing it. The enhancement in the value of the land in the whole district traversed by the railway could not fail to be important."

The Minister's notion, as late as September last, was that he would get as much for the 1,920 acres as would have been got for the whole 3,840 acres, because the 9,120 acres would be worth \$2 an acre, and he thinks no pecuniary loss would result from granting 1,920 acres free. Upon that the Minister says:

"The Minister of the Interior, after giving the question full consideration, recommends that the application of Sir Alexander Galt, on behalf of the Alberta Railway and Coal Company, be granted, and the price of the land be reduced to 10 cents per acre, on the following conditions: That the reserve of land along the line of railway, ordered to be made under the Order in Council above recited, be reduced one-half, viz., to 1,920 acres per mile, for the whole length of the line, from Medicine Hat to the coal banks, a distance of about 110 miles; that the gauge of the railway may be reduced to 3 feet, on condition that the railway and its equipment shall, at all times, be sufficient to afford prompt transport for the passengers and freight of the district; that the sale of land herein recommended to be made to the company shall depend upon the necessary capital being assured and the line being put under contract, both to the satisfaction of the Government, before the 1st day of December, in default of which the Order to be made upon this recommendation to be null and void."

Mark, Sir, that this Order in Council, made in September, was upon the condition that the capital should be raised and the line put under contract on the 1st of December last. Then an Order, it is not material to read, as to the name of the company to which the grant should be made, was passed. Then, on the 9th of January, 1885, comes another memorandum, which is the present governing Order in Council:

"The Minister submits a statement of the former Order of the 27th of September, 1884, and a communication from the company, of the 27th of October last, attached to this Order, and covering a copy of the contract entered into by the company for the construction of the line, and asking that the grant be increased to 6,400 acres per mile, being an increase of 4,480 acres per mile, on the ground that that quantity has been granted to other companies."

Now, you will observe that this company had asked the Government, in June, to give it 1,920 acres free, in addition to its concession of 10,000 acres of coal lands, and leave to build a narrow gauge railway. That the Government had agreed to that, and that Sir Alexander Galt had said, on behalf of the company, that upon that concession he had the promise to and no doubt would raise the whole of the capital. You may observe that in October the company enclosed to the Government a copy of the contract which they had already made for the execution of the line; so that they had actually arranged, under the Order in Council in June, and actually raised their capital and made their contract for the construction of their line; and having made their arrangements, they then come to the Government and ask the Government—for what? To give them 6,400 acres of land per mile.

And on what ground? Not on the ground that they had found themselves disappointed in their expectations, which is the ground the First Minister gave, in answer to my objections the other evening, not on the ground that they found, after trial, that the promises they had made could not be carried out, but on the ground that, although they had found those terms sufficient, although they had raised their capital, although they had entered into the contract, it was right that they should get 6,400 acres per mile, because other companies, quite differently circumstanced, as I shall show you when we come to deal with them, and offering different facilities, were going to get a grant of 6,400 acres per mile. Mark you, that is the ground on which Sir Alexander Galt, on behalf of this North-Western Coal and Navigation Company, asked that the grant should be increased to him. Because the other companies got more, he asked that his company should get more. Now, the Government gave more to the others because they found it essential to the construction of their lines; they gave as little as they thought was essential to the construction of those lines. That you find from the papers in connection with the other applications, and from the statement of the First Minister, on the motion to go into committee. He stated that the grant was regulated by this consideration: This is as little as we can get the lines built with, and we have given no more away than was necessary to accomplish the public purpose. That is a very good statement of the case, but it is a statement of the case that does not apply to this grant, this additional grant of 1,920 acres, because, as I have said, and repeat, this company had promised, in June, that they could do the work, and had already done part of the work, and raised the capital necessary, upon the minor grant of 1,920 acres. In October they said they had done it, and they sent the evidence of that to the Government, and they accompanied that with a request for 6,400 acres, because they saw that other companies had got that amount:

"The Committee further asks that of this quantity 1,920 acres per mile be granted on condition that the narrow gauge line now under contract be completed on or before 1st September next, and that the remainder, 2,560 acres per mile, be reserved for future selection, conditional on the assimilation of the line to the standard gauge within seven years. The Minister observes that the North Western Coal and Navigation Company is the only railway company which has recently succeeded in raising capital for the prosecution of its undertaking and placed the same under contract."

There you see the further proof of my statement, which was sufficiently proved by the letter of Sir Alexander Galt. The Minister states, in his recommendation to the Council, that this company has raised its capital and placed its line under contract, and that he was informed by Sir Alexander Galt that the work of construction was actually in progress—the capital has been raised, the contract had been made:

"And that while the company, under the Order in Council granting the land, has until the 1st July, 1886, to complete the line, yet it would be possible, by incurring a large additional expense, to complete and open the same for traffic during the month of August next, and that the

company is prepared to incur such additional expense, provided the land grant be increased by 1,920 acres per mile, as now applied for."

There is the statement. The company had one year more to build their line; they said, however, they were prepared to complete it by August next, but would have to incur large additional expense in doing so, and that if they got 1,920 acres per mile additional they would complete it in that time. That is the only condition proposed for this additional grant of 1,920 acres.

"The completion of this line will not only furnish railway facilities to the district extending from the Canadian Pacific Railway to within about 25 miles of Fort McLeod, a distance of 110 miles, but will also open communication with the coal fields on the Belly River, and if running in August next, will render a large additional supply of fuel for next winter's use along the whole line of the Canadian Pacific Railway, as far east as Winnipeg. The Minister of the Interior is of opinion that to attain these objects it would be reasonable, and in the public interest, to restore to the company the full quantity of 3,840 acres of land per mile granted to it by Order in Council of the 19th October, 1883. That, subject to the approval of Parliament, the quantity of land granted to the company by the Order in Council of the 21st September last be increased to 3,840 acres per mile, for the whole distance on the Canadian Pacific Railway, at or near Medicine Hat, to the coal fields near the Belly River. That the company shall reimburse to the Government the cost of survey and incidental expenses. * * * The increase to be dependent upon the line being completed and running during the month of August."

That is the Order which was passed. Therefore, you find that while the arrangements have been made for the completion of the railway on a grant of 1,920 acres per mile, it is now arranged to pay them another 1,920 acres per mile, in order that the opening of the railway may be expedited a few months. That is a transaction which requires some explanation. I have heard from other sources, sources open to everybody, that this capital had been raised, that this line was being proceeded with, and I was very much surprised to find it was being proceeded with under terms such as these. The Minister, in September last, says: "I will make out of these lines \$2 an acre." That is his own statement in these Orders in Council. There are 110 miles, and very nearly 200 acres to the mile, which would give you 220,000, say 216,000 acres of land, which the Minister, in September, valued at \$2. That would be \$420,000 put in cash, and that is what the Minister has given, according to his own estimates of value, in September, in order that the railway might be completed a few months earlier than otherwise it might have been. If it be a prudent thing, I must say it does now so strike me. I must, therefore, ask the hon. the Minister of Public Works to give some explanations to the committee of the two main points to which I have referred: first, the junction of the coal and navigation company to the railway company, and the arrangements made to secure to the country the benefit of competition; secondly, the question of the gauge of the railway; and thirdly, the additional grant given for the inadequate result of expediting its completion a few months.